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C O N F I D E N T I A L SECTION 01 OF 03 ASHGABAT 001159

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SUBJECT: TURKMENISTAN: KARIMOV VISIT FOSTERS EXPANSION OF
COOPERATION, EVEN IN REALM OF ENERGY

Classified By: CHARGE RICHARD E. HOAGLAND FOR REASONS 1.4 (B), (D)

¶1. (C) SUMMARY: Uzbekistan Embassy Deputy Chief of Mission Rakhman Rasulov described President Islom Karimov's October 18-19 visit to Turkmenistan as very successful in that it marked the first formal warming of the two countries' relationship since Niyazov's death. The new relationship can only improve bilateral economic cooperation, but it may also put the two states on more common ground as they consider their options on energy issues. The Turkmen need Uzbek cooperation with eastward gas and electricity export plans. With the new relationship between the two presidents seemingly off to a good start, there may be potential for them to cooperate on a range of issues in a mutually beneficial way, including land pipelines. However, it should not be forgotten that Karimov is notoriously difficult with his fellow Central Asian presidents. The new relationship will be a major test of Berdimuhamedov's personal diplomacy skills. END SUMMARY.

¶2. (C) Poloff met with Uzbekistan Embassy DCM Rakhman Rasulov October 24 to learn more about President Islom Karimov's highly-publicized October 18-19 official visit to Ashgabat. Rasulov said that although the two countries had signed more than 110 agreements over the past 15 years, there was little to show for it. In recent years, the two countries continued to squabble over unresolved issues relating to visas, cross-border trade, water rights, and even border delimitation. (NOTE: Relations had been chilly since 2002, when information emerged that Uzbekistan may have supported the November 2002 attack on Niyazov's motorcade. END NOTE.) A meeting in Bukhara between Niyazov and Karimov in 2004 played a role in re-establishing modest communications between the two governments, but personal relations between the two presidents remained extremely poor.

NEW RELATIONSHIP

13. (C) Karimov and Berdimuhamedov appear to have established a good working relationship, Rasulov said, and are intent on more actively implementing past agreements, while also expanding bilateral cooperation, especially concerning border, transit and trade issues. Areas of the bilateral relationship that need attention in the near term, according to Rasulov, are completion of border demarcation, normalizing visa and border crossing procedures, and water sharing issues on the Amu Darya. Although the two countries compete for scarce water resources, they are learning the importance of communication and cooperation to ensure a sufficient supply for their agricultural needs. Another issue, he added, was that of establishing cooperation on the well-being of Turkmen and Uzbek minorities.

ENERGY AND PIPELINES

14. (C) Poloff asked Rasulov to comment on Western press reports that Uzbekistan is becoming increasingly interested in knowing Turkmenistan's position on potential new gas and oil pipelines, and sees Turkmenistan as a bellwether for its own modest export potential. Rasulov carefully considered his response. He said that his government supports Turkmenistan's goal of export diversity, and intends to make oil and gas development decisions based purely upon economic, rather than political considerations. When asked about Uzbekistan's view of the planned Caspian littoral pipeline, Rasulov tried to change the subject.

15. (C) Poloff turned the conversation back to energy and asked if Rasulov could offer any perspective why the parties to the littoral pipeline project had so far made little

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progress on an implementation agreement, which was originally to have been signed at the beginning of September. Rasulov speculated that the cost of the construction, and the resultant questions about financial responsibilities, were likely slowing the project's progress. At the presidential press conference during the visit, however, President Karimov voiced strong support for implementation of the Caspian littoral pipeline plan, saying that it would double the amount of gas that Central Asia could export. (NOTE: Uzbekistan exported less than 13 bcm of natural gas in 2006, compared to the roughly 45 bcm exported by Turkmenistan, making it unlikely that Uzbekistan would be a leading voice on gas export issues. Two proposed projects, however, would require Turkmen export lines through Uzbek territory. END NOTE.)

ATMOSPHERICS

16. (SBU) The two-day visit was low on formal meetings -- only the one-on-one with limited aides, followed by an expanded-delegations meeting -- and high on "cultural program," including a wreath-laying at the monument to Turkmenistan's independence (a.k.a., the Toilet Plunger because of its design), a massive concert, state banquet, museum visits, and presidential horse races. At the extravagantly produced concert in the 3,000-seat auditorium of the Ruhiyet Palace (standing room only), Uzbek and Turkmen singers, dancers, and musicians appeared jointly on stage, although two-thirds of the 15 acts were Uzbek. Local observers noted this was the first time in many years Uzbek performers had appeared in public in Turkmenistan.

17. (C) Before the concert performances started, the two presidents made comments without notes and exchanged awards (Honorary Turkmen Elder for Karimov) and "khalats," traditional tribal cloaks. When an aide rammed the black sheepskin hat on Karimov, he soon pulled it off, looking visibly annoyed because it had messed up his carefully groomed hair. His most memorable line from his comments was, "I trust the people of Turkmenistan. I trust the President of Turkmenistan." Berdimuhamedov was properly deferential,

emphasizing his junior status, but not in the least sycophantic. Half-way through the concert, a huge translucent scrim dropped from the ceiling on which a laser light show was projected emphasizing the undying friendship of the two nations.

18. (C) At the State Banquet, Charge was seated with the Russian and Chinese ambassadors directly in front of the head table where Berdimuhamedov and Karimov sat alone. For the first hour, the two presidents seemed quite formal, making only occasional comments to each other. Then Karimov appeared almost to doze off for a half hour. But then the two presidents took off their suit coats, turned their chairs to face each other, and engaged in animated conversation. Eventually, Berdimuhamedov motioned for Deputy Prime Minister for Oil and Gas Tachberdi Tagiyev to join them (he had to squat between the seated presidents), and about five minutes later Karimov called up Finance Minister Rustam Azimov, who squatted with Tagiyev. After another 15 minutes, the four looked pleased and gulped a vodka toast. (COMMENT: We do not know what was discussed, or agreed, but the players involved would suggest energy. END COMMENT.)

19. (C) COMMENT: With the new relationship between the two presidents seemingly off to a good start, there may be potential for them to cooperate on a range of issues in a mutually beneficial way, including land pipelines. The Turkmen need Uzbek cooperation with eastward gas to China and electricity export to Tajikistan. Despite the apparent

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presidential mini-love-fest in Ashgabat, it should not be forgotten that Karimov is notoriously difficult with his fellow Central Asian presidents. The new relationship will be a major test of Berdimuhamedov's personal diplomacy skills. END COMMENT.
HOAGLAND